

Interest Rate Policy  
On  
Overpayments/Underpayments  
Adopted  
April 17, 2007

RETIREMENT BENEFITS

In the event the plan makes good on past underpayments to a member the plan will apply interest from the time the underpayments are made until it is discovered and repaid to the member. The default payment will be a lump sum. However, the member may request repayment in the form of lifetime benefits in the same form as the member's benefit. Interest will be applied at the actuarial rate used by the plan at the time the discovery of the error is made.

In the event the plan recoups overpayments made to a member the recovery will be brought to the board on a case-by-case basis.

REFUNDS & LUMP SUM CASHOUTS

Correction of past overpayments will be sought immediately. No interest will be charged. Underpayments will be repaid with interest at the actuarially assumed rate.

REPORTING

Staff shall report to the board any payment corrections that take place more than 2 months following normal retirement date.

EFFECTIVE DATE

Policy becomes effective for adjustments made on or after 4/17/2007.

EXAMPLE: A member is underpaid \$96.50/month for 12 months, totaling \$1,158. With interest at 7 ½% the value becomes \$1,200. The member could have their next check increased by \$1,200. In lieu of the one time payment the member may elect to have their monthly benefit increased by \$6 for their lifetime (amount varies by age and form of benefit). Over their future lifetime they might be expected to receive more than \$1,200 in inflated dollars. The value of the payments to the pension plan is \$1,200.